

VZCZCXYZ0007
OO RUEHWEB

DE RUEHBU #1847/01 2571704
ZNR UUUUU ZZH
O 141704Z SEP 07
FM AMEMBASSY BUENOS AIRES
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9252
INFO RHMFISS/CDR USSOCOM MACDILL AFB FL//SCJ2//
RULGPUA/USCOMSOLANT

UNCLAS BUENOS AIRES 001847

SIPDIS

STATE FOR INR/R/MR, I/GWHA, WHA, WHA/PDA, WHA/BSC,
WHA/EPSC
CDR USSOCOM FOR J-2 IAD/LAMA

SIPDIS

E.O. 12958: N/A

TAGS: KPAO OPRC KMDR PREL

SUBJECT: MEDIA REACTION; IRAQ; THE ARGENTINE PRESIDENTIAL COUPLE;
ARGENTINE DEBT TO THE PARIS CLUB; 09/14/07

11. SUMMARY STATEMENT

Today's major international opinion pieces cover US President Bush's announcement of "gradual troop cuts" in Iraq; Argentine First Lady/Senator Cristina Kirchner's trips abroad; and the impact of the international financial crisis on Argentine banks as well as the country's ongoing negotiations on its debt to the Paris Club.

12. OPINION PIECES AND EDITORIALS

- "Bush starts gradual troop cuts from Iraq"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," comments (09/14) "Determined to capitalize on the first and still premature results of a military escalation in Iraq, US President George W. Bush made an announcement which at first glance seems contradictory - the withdrawal of the first 5,700 soldiers from Saddam Hussein's territory in order to be able to extend the presence of US troops in the country.

"... Bush said his order was based on the very controversial 'progress' obtained... by the deployment of an additional 35,000 troops ordered by the president himself last January 10, at the suggestion of his new military commander in Iraq, General David Petraeus.

"... In this way, Bush announced a withdrawal that will leave him with more troops than last January, while sending a signal to US public opinion, which is fed up with the conflict.

"Only 30 percent of Americans currently approve of the Republican administration's war strategy compared to 56 percent who do not believe that the US will succeed in Iraq. However, those percentages actually reflect a slight increase in the support for the White House based on the lower violence rates in Baghdad and its surroundings.

"... According to the US Pentagon's plans..., the idea is to continue withdrawing troops in early 2008, although some 132,000 soldiers would be staying in Iraq as of July. While those troops could stay there until 2009 or 2010, Bush avoided making reference to those dates. Instead, he pointed out that he ordered Petraeus and his Ambassador to Iraq, Ryan Crocker, to submit a new report on Iraq's political and military situation by next March.

"In order to move forward, the White House also needs Iraqi leaders to reach agreement instead of inciting sectarian killings.

"... The White House's most important challenge is the Democratic opposition, which considers his announcement is another lie."

- "Both sides now"

An editorial in liberal, English-language "Buenos Aires Herald" reads (09/14) "Which is better - is it more important to be recognized in a wider world or does political power, like charity begin at home? The presidential couple has experienced both ends of this question with First Lady Senator Cristina Fernández de Kirchner obtaining the extraordinary recognition of being officially received by the government chiefs of Germany and Austria when merely a presidential candidate whereas President Nstor Kirchner's faltering grip on his native province of Santa Cruz was underlined on Wednesday by the way violent clashes in the perennial trouble-spot of Caleta Olivia overshadowed his campaigning in Ro Gallegos.

"... Over and above the thorny question of whether or not the German and Austrian leaders were doing the right thing in thus favoring a candidate..., did Mrs. Kirchner's Germanic trip do anything to clarify any pending international issues? To settle the Paris Club debt while maintaining the Kirchners' insistence on shutting out the IMF or to unblock the Doha Round which is being obstructed by Argentina's increasingly protectionist attitude towards its industry just as much as by any farm subsidies on the part of the developed world?... Senator Kirchner's appeals to invest in growing Argentina remain virtually a dead letter while the Paris Club debt remains unresolved because no investor from the creditor countries can count on any state guarantees or credits while this default persists. As for her husband, Wednesday's clashes show him to be vulnerable to aggressive protests with no guarantee against their repetition..."

"Two sides of the coin, then, for the presidential couple but does either side have any true bearing on the nation's real problems?"

- "The (Argentine) Government is concerned about increasing interest rates"

Leading "Clarn" carries an op-ed by economist Marcelo Bonelli, who writes (09/14) "An internal paper circulating in the (Argentine) Government clearly warns that private banks decided to take measures to protect themselves from the international (financial) crisis, and set off an unexpectedly large increase in Argentina's lending costs.

"... Local bankers from ADEBA (Asociación de Bancos Argentinos) (Argentine Banking Association) confirmed another decision - they decided to cut loans to strengthen their position - they want to have abundant liquidity that will help them face any unexpected crisis. The Argentine Government considers this 'ultraconservative' attitude unjustified for several reasons - the Government has confidential information that the US Federal Reserve will lower

SIPDIS

interest rates at next Wednesday's meeting, which will alleviate international tension; and local banks have higher reserves than the amount required by the Central Bank... In this way, exchange rates will have to depreciate towards the end of September, and they would only remain high until after presidential elections due to uncertainty.

"The Argentine Government will assess the situation in detail during its trip to the US. Manhattan will be another important stop in Cristina Fernández de Kirchner's election campaign.

"The fact that many G7 leaders helped to make the presidential candidate look good did not pass unnoticed by the business world... The support for Cristina Kirchner has not dispelled concerns regarding how she will manage or complaints from multinational corporations about the Kirchners' alleged anti-business posture.

"However, G7 support would be strong and based on their belief that the senator could guarantee governance in Argentina, something that the opposition does not guarantee.

"The delegation to be sent in October to the IMF could be used to hold talks with G7 ministers, including US Treasury Secretary Henry Paulson in search for a solution.

"The renegotiation of the country's debt to the Paris Club has

strategic importance. It could be the first successful opening to the world of an eventual government of Senator Kirchner, but it could also have a strong economic impact - at a moment when obtaining funds is increasingly difficult, it could pave the way for institutional funding from powerful nations for investment in Argentina."

To see more Buenos Aires reporting, visit our classified website at:
<http://www.state.sqov.gov/p/wha/buenosaires>

KELLY